



STATE OF INDIANA
OFFICE OF THE GOVERNOR
State House, Second Floor
Indianapolis, Indiana 46204

Mitchell E. Daniels, Jr.
Governor

November 6, 2009

Dear fellow state employees:

One of the most difficult decisions I made a year ago when we faced tough revenue challenges was to forgo state employee pay raises.

At the time, I had hopes that a year would bring some recovery to the national economy and to the amount of dollars paid in taxes to state government. Instead, the reverse has happened. For the first four months of this budget cycle, the state's revenues are 12% lower than last year, and 7% below the level forecast in the budget passed in June.

We will now have to take a series of unwelcome actions to continue living within our means and avoid the complete draining of our state reserves. As one example, I regret that we simply cannot afford pay raises for state employees in 2010. Our employee spot bonuses and public service rewards will continue, as they have this year.

Indiana has maintained performance head and shoulders above other states, and you have been the biggest reason for that achievement. It's no consolation to you or me, but things are much worse in other states than here. Many states have laid off thousands of employees and slashed pay for the rest.

I won't ask you to accept this decision cheerfully or even to agree with it. I will ask you to keep in your thoughts the hardships now being experienced by so many of our fellow Hoosiers in the private sector, and by thousands of government workers in states elsewhere.

I regret having to deliver this news and remain deeply grateful for your service to Hoosiers.

Best regards,